



## **Consolidated Financial Results for Fiscal 2023 and Full-Year Forecasts for Fiscal 2024**

Olympus Corporation | Executive Officer and CFO, Chikashi Takeda | May 12, 2023

(Slide 1)

- Hello everyone. I am Chikashi Takeda, Chief Financial Officer of Olympus Corporation.
- I would like to thank you all for participating in this conference.
- Today I would like to start by giving a review of our consolidated financial results for fiscal 2023 and reviewing the past three years. Next, CEO Stefan Kaufmann will describe our company strategy, and I will return to go over our full-year forecasts for fiscal 2024.
- Today's briefing will be focused on Continuing Operations. Please refer to the Appendix section for detailed information about Discontinued Operation.
- Now, I would like to provide a review of our financial results.

## Disclaimer

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## Highlights

### Consolidated Financial Results (FY2023 Full-year)

- ✓ **Achieved adjusted operating margin of 20%, as set forth in 2019 Corporate Strategy, by taking multiple measures globally to mitigate risks despite persistently challenging business environment throughout the year**
  - Revenue: 18% consolidated growth. Record high for Medical business in 4Q and 12M  
Double-digit growth for both ESD and TSD
  - Operating profit: Record highs for both amount and ratio in 12M\*

### FY2024 Full-year Performance Forecasts

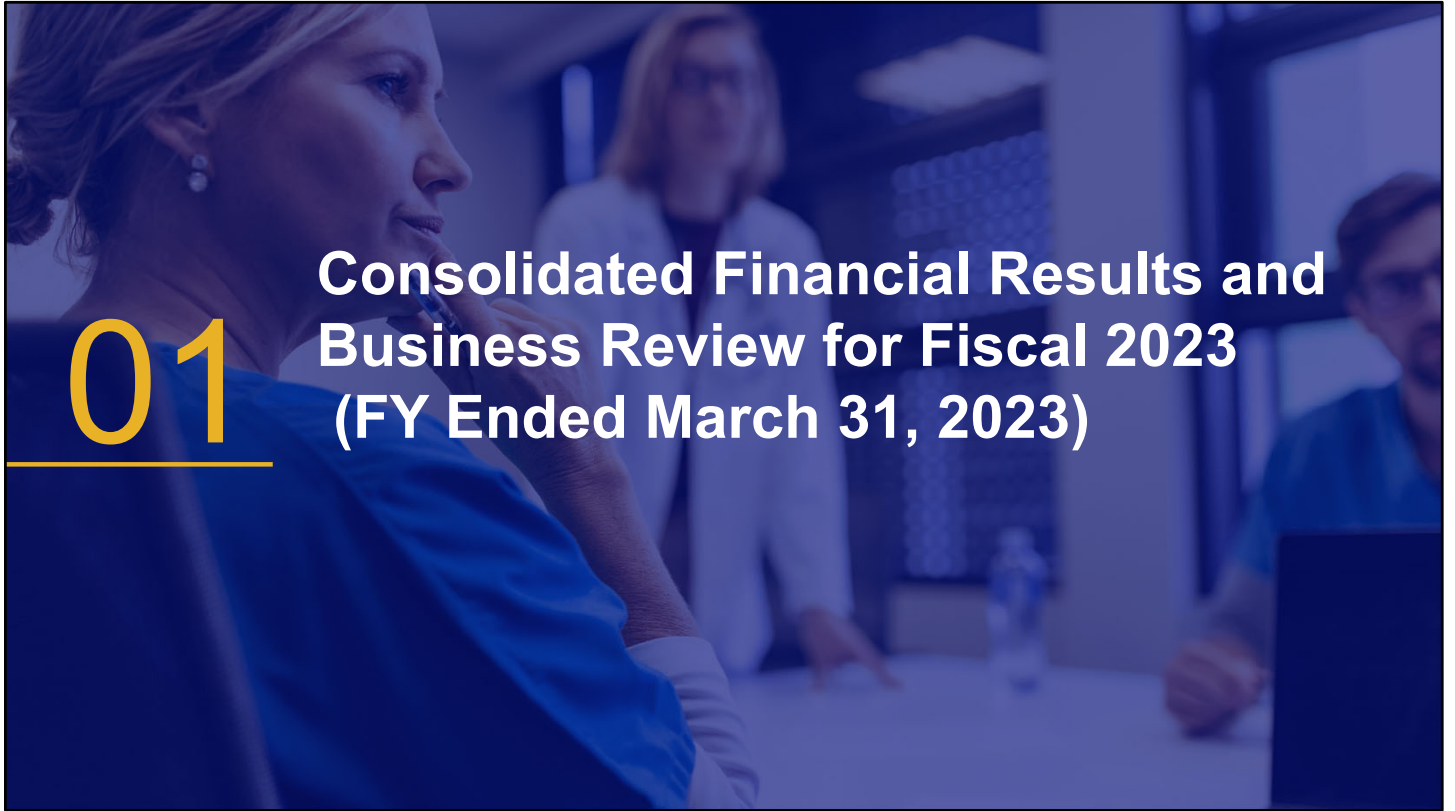
- ✓ **Growth in both ESD and TSD is expected to drive record-high sales in Medical business. Despite an increase in expenses to strengthen operational infrastructure including QARA, adjusted operating profit is expected to increase 3% YoY**
  - Revenue: Expected to achieve ¥914 billion, up 4% YoY (up 5% after FX adjustment)
  - Adjusted Operating profit: Expected to achieve ¥182 billion, up 3% YoY (up 6% after FX adjustment)
  - Profit\*\* : Expected to reach a record high of ¥336 billion due to a gain on transfer of Scientific Solutions Business. EPS: Expected to grow 141% to ¥273
  - Shareholder returns: Annual dividend plan to increase by ¥2/share YoY to ¥18/share.  
Share buyback of approx. ¥100 billion expected

\*From FY2009, when Olympus began disclosing the quarterly report.

\*\*Profit attributable to owners of parent. Figures through FY2016 are based on Japanese GAAP (JGAAP) and figures from FY2017 onward are based on IFRS. Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of FY2024.

(Slide 3)

- This slide highlights our fourth quarter and full-year financial results for fiscal 2023.
- Revenue increased 18% on a consolidated basis. We achieved double-digit growth for both ESD and TSD, setting record highs for both the fourth quarter and the full year in the Medical business.
- Operating profit and operating margin set record highs for the full year.
- From the start of fiscal 2023, we were significantly impacted by a variety of external factors, including the Shanghai lockdown, the war in Ukraine, supply shortages of semiconductors and other components, and rising raw materials costs. Fiscal 2023 was more difficult and challenging than ever before, but we swiftly recognized opportunities and continuously implemented measures to mitigate risks. As a result, we still managed to achieve the target adjusted operating margin of over 20% set out in our corporate strategy.
- Moving on to our full-year forecasts for fiscal 2024, we expect revenue to achieve ¥914 billion, up 4% YoY, with adjusted operating profit of ¥182 billion, up 3% YoY.
- Profit, as the sum of Continuing Operations and Discontinued Operation, is expected to reach a record high of ¥336 billion due to a gain on transfer of Scientific Solutions Business (Evident) in this first quarter, with EPS of ¥273, up 141% YoY.
- Regarding dividends for fiscal 2024, we plan to issue a dividend of ¥18 per share, up ¥2 from the previous year, in light of financial forecasts under our policy of stable and gradual dividend increase. In addition, as announced in a timely disclosure released today, we plan to repurchase our shares of approx. ¥100 billion.



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## Consolidated Financial Results and Business Review for Fiscal 2023 (FY Ended March 31, 2023)

(Slide 4)

- I will now explain the consolidated financial results and provide a business review for fiscal 2023.

# Fiscal 2023 (1) Consolidated Financial Results

- 1** Revenue: 18% consolidated growth. Record high for Medical business in 4Q and 12M. Double-digit growth for both ESD and TSD  
**2** Operating profit: Achieved adjusted operating margin of 20%, as set forth in 2019 Corporate Strategy. Record highs for both amount and ratio in 12M\*

	Full-year (Apr. to Mar.)					4Q (Jan. to Mar.)				
	(Billions of yen)	FY2022	FY2023	YoY	After FX adjustment	FY2022	FY2023	YoY	After FX adjustment	
Continuing operations**	Revenue	750.1	881.9	+18%	+4%	202.9	240.4	+18%	+9%	
	Gross profit (% of revenue)	506.7 (67.6%)	596.8 (67.7%)	+18%	+2%	140.6 (69.3%)	163.1 (67.9%)	+16%	+3%	
	Selling, general and administrative expenses (% of revenue)	357.5 (47.7%)	420.5 (47.7%)	+18%	+7%	98.4 (48.5%)	114.5 (47.6%)	+16%	+8%	
	Other income and expenses	-3.0	10.3	-	-	1.7	-4.6	-	-	
	Operating profit (% of revenue)	146.2 (19.5%)	186.6 (21.2%)	+28%	-3%	44.0 (21.7%)	44.0 (18.3%)	0%	-23%	
	<b>Adjusted operating profit (% of revenue)</b>	<b>150.7 (20.1%)</b>	<b>176.8 (20.0%)</b>	<b>+17%</b>	<b>-12%</b>	<b>43.2 (21.3%)</b>	<b>48.7 (20.2%)</b>	<b>+13%</b>	<b>-11%</b>	
	Profit before tax (% of revenue)	141.7 (18.9%)	182.3 (20.7%)	+29%		44.7 (22.0%)	42.9 (17.9%)	-4%		
	Profit from continuing operations (% of revenue)	110.6 (14.8%)	138.0 (15.7%)	+25%		27.7 (13.6%)	32.4 (13.5%)	+17%		
	Profit from discontinued operation	5.3	5.6	+¥0.3 billion		0.5	2.9	+523%		
	Profit (loss)	116.0	143.6	+24%		28.1	35.2	+25%		
Discontinued operation	Profit (loss) attributable to owners of parent	115.7	143.4	+24%		28.1	35.2	+25%		
	EPS	¥90	¥113			-	-			

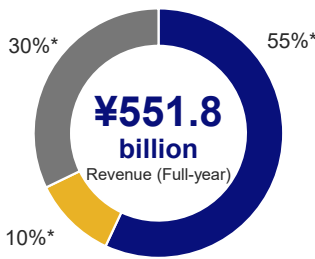
\*From FY2009, when Olympus began disclosing the quarterly report.  
 \*\*The figures from "Revenue" to "Profit from continuing operations" represents continuing operations.  
 \*\*\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of FY2024.

**Dividend payment for FY2023**  
 Year-end dividend of ¥16 per share

(Slide 5)

- This is an overview of our consolidated financial results.
- In fiscal 2023, we operated our business under a persistently challenging environment throughout the year, with the Shanghai lockdown, the war in Ukraine, supply shortages of semiconductors and other components, and rising raw materials costs all playing a part. However, we were committed to overcoming these challenges and called upon the hard work and innovation of employees to keep delivering our products and services and meet the expectations of patients and healthcare providers. At the same time, we also pursued aggressive investments to reinforce our operational infrastructure, which is a necessary step for Olympus to achieve sustainable growth as a medtech company. We maintained a keen awareness of sustained growth and swiftly recognized opportunities while continuing to implement risk mitigation measures, thus achieving the target adjusted operating margin of over 20% set out in our corporate strategy.
- Consolidated revenue amounted to ¥881.9 billion, up 18% YoY. Revenue in the Medical business represented record highs for the fourth quarter and the full year, with double-digit growth for both ESD and TSD.
- Gross profit was ¥596.8 billion, with gross margin improving 0.1 point. In addition to the absence of reversal of provision totaling approx. ¥4.2 billion (related to response to the duodenoscope market) and reversal of provision totaling approx. ¥2.7 billion (related to a voluntary recall of bronchoscopes) both recorded in the previous fiscal year, procurement costs for raw materials, including semiconductors, increased during the fiscal year. However, gross margin improved due mainly to a favorable change in regional sales mix driven by increased sales in China, and yen depreciation effects.
- SG&A expenses were ¥420.5 billion, with SG&A ratio on a par with the previous year. Amid ongoing inflation, in particular, expenses associated with sales activities and strengthening of our operational infrastructure such as QARA increased.
- In other income and expenses, a gain of ¥10.3 billion was posted. Despite the absence of reversal of provision of approx. ¥3.0 billion related to indirect taxes of consolidated subsidiary and a marginal gain of approx. ¥2.8 billion on phased acquisition of Medi-Tate in the previous year, other income and expenses increased, due in part to a gain of approx. ¥16.4 billion on the sale of land in Tokyo. Also note that approx. ¥1.9 billion in FDA-related expenses described during the third quarter results briefing were recorded.
- Operating profit was ¥186.6 billion, up ¥40.4 billion or 28% YoY. Operating margin improved 1.7 points to 21.2%. Note that we achieved the target adjusted operating margin excluding other income and other expenses of over 20% set out in our corporate strategy in 2019.
- Profit from Continuing Operations stood at ¥138.0 billion, with EPS of ¥109, up 26% YoY, while total Profit including both Continuing Operations and Discontinued Operation amounted to ¥143.6 billion, with EPS of ¥113, up 25% YoY.
- We plan to issue a year-end dividend of ¥16 per share for fiscal 2023, the same amount announced in February.

# Fiscal 2023 (2) Endoscopic Solutions Division (ESD)



(Billions of yen)	FY2022		FY2023	
	4Q	Full-year	4Q	Full-year
Revenue	127.8	461.5	152.8	551.8
Operating profit	41.6	133.2	42.1	152.8
Other income and expenses	1.1	-2.9	-1.5	-3.8
Operating margin (After FX adjustment)	32.5%	28.9%	27.5% (24.0%)	27.7% (24.0%)
<b>Adjusted operating margin</b>	<b>31.7%</b>	<b>29.5%</b>	<b>28.5%</b>	<b>28.4%</b>

\*Approx. Due to rounding, the total may not add up to 100%.

Growth Rate FY2023 4Q vs FY2022 4Q

vs FY2022 (incl. FX)

vs FY2022 (After FX adjustment)

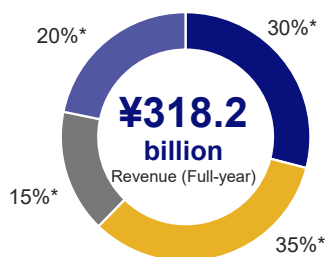
■ <b>Gastrointestinal endoscope</b>	19%	<ul style="list-style-type: none"> <li>All regions grew, including Europe, where sales of EVIS X1 series remained strong. Solid sales expansion of EVIS X1 series, as well as previous generation gastrointestinal scopes and colonoscopes, continued.</li> </ul>	9%
■ <b>Surgical endoscope</b>	33%	<ul style="list-style-type: none"> <li>Sales were led by Japan, where VISERA ELITE III surgical endoscopy system was successfully launched and contributed to sales growth.</li> </ul>	22%
■ <b>Medical service</b>	15%	<ul style="list-style-type: none"> <li>Steady growth in all regions, including China, due to stable revenue stream based on service contracts including maintenance service and an increase in new accounts.</li> </ul>	5%
<b>Total</b>	<b>20%</b>		<b>10%</b>

(Slide 6)

- Next, we will look at the details about each business segment.
- First, the Endoscopic Solutions Division. Revenue amounted to ¥551.8 billion, up 20% YoY. Adjusted operating profit excluding other income/expenses was ¥156.6 billion, with an adjusted operating margin of 28.4%.
- Revenue in China that was previously affected by the Shanghai lockdown and other factors recovered, resulting in growth across all regions and sub-segments in ESD. The yen depreciation served as a tailwind, with revenue increasing in North America and Europe, in particular. APAC also maintained strong performance. In terms of products, in addition to EVIS X1 and VISERA ELITE III surgical endoscopy system, we also saw strong sales for the previous generation product lines. Adjusted operating profit increased due mainly to increased revenue and the impact of yen depreciation, offsetting the absence of reversal of provision totaling approx. ¥4.2 billion (related to response to the duodenoscopy market) recorded in the previous year, rising raw materials costs, and higher SG&A expenses including expenses associated with sales growth such as sales promotions for EVIS X1 and for strengthening our operational infrastructure such as QARA. Other income and expenses reflect the absence of reversal of provision totaling approx. ¥1.9 billion (other income) and an impairment loss of approx. ¥1.6 billion related to development assets (other expenses), both recorded in the previous year.
- I will now give a review of the fourth quarter (from January to March) for each sub-segment.
- In GI endoscope, all regions grew, including Europe, where sales of EVIS X1 series remained strong. Solid sales expansion of EVIS X1 series, as well as previous gen gastrointestinal scopes and colonoscopes, continued.
- Also note that sales contributions of EVIS X1 series now account for around 15% in the GI endoscope sub-segment in the fourth quarter. Sales of EVIS X1 in the launched regions grew around 30% YoY, reflecting accelerating market penetration.
- In Surgical endoscope, sales were led by Japan, where VISERA ELITE III surgical endoscopy system was successfully launched and contributed to sales growth.
- In Medical service, we saw steady growth in all regions, including China, due to stable revenue stream based on service contracts including maintenance service and an increase in new accounts.



## Fiscal 2023 (3) Therapeutic Solutions Division (TSD)



(Billions of yen)	FY2022		FY2023	
	4Q	Full-year	4Q	Full-year
Revenue	71.9	275.6	84.3	318.2
Operating profit	17.0	60.8	15.6	63.7
Other income and expenses	1.7	3.0	-1.8	-0.6
Operating margin (After FX adjustment)	23.6%	22.1%	18.5% (16.9%)	20.0% (18.5%)
<b>Adjusted operating margin</b>	<b>21.2%</b>	<b>21.0%</b>	<b>20.6%</b>	<b>20.2%</b>

\*Approx. Due to rounding, the total may not add up to 100%.  
\*\*From FY2023, Gynecology products classified in Other therapeutic areas in TSD are included in Urology in TSD. FY2022 results have been reclassified in the same manner.

Growth Rate FY2023 4Q vs FY2022 4Q	vs FY2022 (incl. FX)		vs FY2022 (After FX adjustment)
■ GI EndoTherapy	17%	<ul style="list-style-type: none"> <li>Sales grew in all product groups, driven by North America with the number of procedures increasing. Notable momentum in ERCP and Sampling (biopsy forceps, etc.) products.</li> </ul>	9%
■ Urology**	22%	<ul style="list-style-type: none"> <li>Strong performance in North America with the number of procedures recovering, led by resection electrodes for BPH and "SOLTIVE SuperPulsed Laser System" for stone lithotripsy.</li> </ul>	10%
■ Respiratory	11%	<ul style="list-style-type: none"> <li>China, supported by COVID-related respiratory budgets and low-interest financing measures by the government contributed to sales growth. Steady sales expansion in EBUS scopes.</li> </ul>	2%
■ Other therapeutic areas	16%	<ul style="list-style-type: none"> <li>Strong performance in energy devices, led by "THUNDERBEAT".</li> </ul>	7%
<b>Total</b>	<b>17%</b>		<b>7%</b>

(Slide 7)

- Next, the Therapeutic Solutions Division. Revenue amounted to ¥318.2 billion, up 16% YoY. Adjusted operating profit was ¥64.3 billion, with an adjusted operating margin of 20.2%.
- Revenue increased across all sub-segments in TSD thanks to a recovery in procedure volume in North America and Europe, further boosted by favorable FX. In terms of sub-segment, growth was led by GI EndoTherapy, driven by products for Sampling (e.g., biopsy forceps used for tissue sampling in screening tests), and for Endoscopic Retrograde Cholangio Pancreatography (ERCP) used in the endoscopic diagnosis and treatment of pancreatic ducts and bile ducts, and Urology, driven by resection electrodes for Benign Prostatic Hyperplasia (BPH). Adjusted operating profit increased due mainly to increased revenue and the impact of yen depreciation, offsetting the absence of reversal of provision totaling approx. ¥2.7 billion (related to a voluntary recall of bronchoscopes) recorded in the previous year, rising raw materials costs, and higher SG&A expenses including expenses for QARA and increasing business activities. In other income, while a marginal gain of approx. ¥2.8 billion from the phased acquisition of Medi-Tate and a reversal of provision totaling approx. ¥1.0 billion were recorded in the previous year, approx. ¥1.4 billion was recorded this fiscal year as the adjusted acquisition consideration for Medi-Tate.
- I will now give a review of the fourth quarter (from January to March) for each sub-segment.
- In GI EndoTherapy, sales grew in all product groups, driven by North America with the number of procedures increasing. There was notable momentum in ERCP and Sampling (biopsy forceps, etc.) products.
- In Urology, we saw strong performance in North America with the number of procedures recovering, led by resection electrodes for BPH and "SOLTIVE SuperPulsed Laser System" for stone lithotripsy.
- In Respiratory, China, supported by COVID-related respiratory budgets and low-interest financing measures by the government contributed to sales growth. We saw steady sales expansion in EBUS scopes.
- In Other therapeutic areas, we saw strong performance in energy devices, led by "THUNDERBEAT".

## Statement of Financial Position

- ☑ Stated line items for Discontinued Operation's assets held for sale and liabilities directly associated with assets held for sale
- ☑ Including FX impact of approx. ¥72 billion, balance sheet increased by approx. ¥78 billion in real terms

(Billions of yen)	End of Mar. 2022	End of Mar. 2023	Change		End of Mar. 2022	End of Mar. 2023	Change
Current assets	694.6	726.4	+31.8	Current liabilities	376.3	461.9	+85.6
Inventories	167.4	163.0	-4.4	Bonds/loans payable	52.3	50.0	-2.3
Assets held for sale	4.7	169.6	+164.9	Liabilities directly associated with assets held for sale	0	43.3	+43.3
Non-current assets	663.4	782.0	+118.6	Non current liabilities	470.4	405.2	-65.2
Property, plant and equipment	247.1	238.7	-8.4	Bonds/loans payable	333.8	290.1	-43.8
Intangible assets and others	251.8	360.7	+108.9	Equity	511.4	641.2	+129.9
Goodwill	164.5	182.5	+18.0	(Equity ratio)	37.6%	42.4%	+4.8pt
<b>Total assets</b>	<b>1,358.0</b>	<b>1,508.3</b>	<b>+150.3</b>	<b>Total liabilities and equity</b>	<b>1,358.0</b>	<b>1,508.3</b>	<b>+150.3</b>

(Slide 8)

- This is our financial position at the end of March 2023.
- From the second quarter, we stated the assets and liabilities for Discontinued Operation as "assets held for sale" and "liabilities directly associated with assets held for sale", respectively.
- Balance sheet increased by ¥150.3 billion, but excluding the FX impact of approx. ¥72 billion, it increased by approx. ¥78 billion in real terms.
- Although profit before tax increased, cash and equivalents declined due to income tax payments, the acquisition of property, plant and equipment including demonstration/loaner items and leased assets, the expenditures associated with redevelopment projects in Tokyo and Nagano, repurchase of our shares, and bond redemption.
- The equity ratio rose to 42.4%, up 4.8 points from the end of March last year.



## Consolidated Cash Flows

- FCF: Operating CF was positive ¥98.5 billion. Adjusted FCF was positive ¥85.3 billion  
 Financing CF: Minus ¥143.2 billion due to repurchase of our shares (¥50.0 billion), dividend payment and bond redemption (¥40.0 billion), etc.

Full-year (Apr. to Mar.)

		FY2022	FY2023	Change
Continuing operations	Profit before tax	141.7	182.3	+40.6
	CF from operating activities	169.7	98.5	-71.2
	CF from investing activities	-71.0	-58.4	+12.6
	Free cash flow	98.7	40.1	-58.6
	<b>Adjusted Free cash flow</b>	<b>131.2</b>	<b>85.3</b>	<b>-45.9</b>
	CF from financing activities	-40.7	-143.2	-102.5
Discontinued operation	Cash and cash equivalents at end of period	302.6	205.5	-97.1

#### Major adjusted items for FY2022

Operating CF: Reversal of provision for career support for external opportunity program, etc.	-¥11.2 billion
Investing CF: Acquisition of businesses and subsidiaries, etc.	-¥23.5 billion

Please refer to Appendix (P.22) for cash flow of discontinued operation.

#### Major adjusted items for FY2023

Operating CF: Tax payments and investments for reorganization of Scientific Solutions Business, etc.	-¥42.4 billion
Operating CF: Additional contributions to pension plan assets at overseas subsidiaries	-¥12.2 billion
Investing CF: Proceeds from sale of fixed assets (land of Hatagaya)	+¥19.1 billion
Investing CF: Acquisition of investment securities, businesses and subsidiaries, etc.	-¥7.6 billion
Investing CF: Temporary financial burden for reorganization of Scientific Solutions Business, etc.	-¥2.1 billion

(Slide 9)

- This slide shows the status of cash flows.
- Cash flow from operating activities was plus ¥98.5 billion. Various one-off factors combined with circumstances unique to this fiscal year resulted in a decline in operating cash flow compared with the previous fiscal year. Key factors behind this were tax payments associated with the reorganization of the Scientific Solutions Division, the lump-sum corporate tax payments in May in Japan without making interim payments in November 2021. Other factors included an increase in corporate tax payments associated with the absence of loss carried forward, as well as an increase in working capital due in part to an increase in inventories from front-loaded purchases of parts and materials against the backdrop of supply shortages.
- Cash flow from investing activities was minus ¥58.4 billion. While there were expenditures for the acquisition of Medi-Tate in the previous fiscal year, cash flow improved in this fiscal year due to the proceeds from the sale of land in Tokyo.
- Free cash flow stood at ¥40.1 billion. Adjusted free cash flow considering extraordinary factors such as acquisitions, transfers, and reorganizations of businesses was plus ¥85.3 billion.
- Cash flow from financing activities was minus ¥143.2 billion. Key factors included the repurchase of our shares, dividend payments and bond redemption.
- As a result, cash and cash equivalents stood at ¥205.5 billion as of March 31, 2023, a decrease of ¥97.1 billion.



(Slide 10)

- Next, I would like to explain our full-year forecasts for fiscal 2024.

## Fiscal 2024 Consolidated Forecasts

- 1** Revenue: Expected to achieve ¥914 billion, up 4% YoY (up 5% after FX adjustment)
- 2** Adjusted Operating profit: Expected to achieve ¥182 billion, up 3% YoY (up 6% after FX adjustment)
- 3** Profit\*\*: Expected to reach a record high of ¥336 billion due to a gain on transfer of Scientific Solutions Business. EPS: Expected to grow 141% to ¥273
- 4** Shareholder returns: Annual dividend plan to increase by ¥2/share YoY to ¥18/share. Share buyback of approx. ¥100 billion expected

(Billions of yen)		FY2023	FY2024 Forecasts	Change	vs FY2023	After FX adjustment
** Continuing operations	Revenue	881.9	<b>1</b> 914.0	+32.1	+4%	+5%
	Gross profit	596.8	627.0	+30.2	+5%	+7%
	(% of revenue)	(67.7%)	(68.6%)			
	Selling, general and administrative expenses	420.5	446.0	+25.5	+6%	+7%
	(% of revenue)	(47.7%)	(48.8%)			
	Other income and expenses	10.3	-18.0	-	-	-
	Operating profit	186.6	163.0	-23.6	-13%	-9%
	(% of revenue)	(21.2%)	(17.8%)			
	<b>Adjusted operating profit</b>	<b>176.8</b>	<b>2</b> <b>182.0</b>	<b>+5.2</b>	<b>+3%</b>	<b>+6%</b>
	<b>(% of revenue)</b>	<b>(20.0%)</b>	<b>(19.9%)</b>			
Profit before tax	182.3	159.0				
(% of revenue)	(20.7%)	(17.4%)				
Profit from continuing operations	138.0	115.0				
(% of revenue)	(15.7%)	(12.6%)				
Profit from discontinued operation	5.6	221.0				
Profit (loss)	143.6	<b>3</b> 336.0				
Profit (loss) attributable to owners of parent	143.4	336.0				
(% of revenue)	(16.3%)	(36.8%)				
EPS	¥113	¥273				

\*Profit attributable to owners of parent. Figures through FY2016 are based on Japanese GAAP (JGAAP) and figures from FY2017 onward are based on IFRS.  
 \*\*The figures from "Revenue" to "Profit from continuing operations" represents continuing operations.  
 \*\*\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of the fiscal year ending March 31, 2024.

Dividend forecast for FY2024	
<b>4</b>	Year-end dividend of ¥18 per share

(Slide 11)

- Our full-year forecasts for fiscal 2024.
- The forecast assumptions for annual average FX are ¥132 to the U.S. dollar and ¥144 to the euro.
- Revenue is expected to achieve ¥914 billion, up 4% YoY.
- Meanwhile, we project a significant increase in expenses to implement comprehensive measures that contribute to patient safety as the number one priority, including expenses for responding to the FDA findings. We will also prioritize the allocation of resources to R&D and productivity improvements. On the other hand, we will continue with COGS reduction initiatives and SG&A rationalization efforts to secure resources.
- While maintaining a balance between addressing major issues and continuous investments for sustainable growth, we aim to achieve adjusted operating profit of ¥182 billion, up 3% YoY, with an adjusted operating margin of around 20% on a par with the previous year.
- Profit is also expected to reach a record high of ¥336 billion, in part reflecting a gain on transfer of the Scientific Solutions Business. EPS is expected to be ¥273, up 141% YoY. Profit from Continuing Operations is expected to be ¥115 billion, with EPS of ¥93, down 14% YoY.
- Regarding dividends for fiscal 2024, we plan to issue a dividend of ¥18 per share, up ¥2 from the previous year, in light of financial forecasts under our policy of stable and gradual dividend increase. In addition, we plan to repurchase our shares of approx. ¥100 billion.

## Fiscal 2024 Forecasts by Business Segment

- 1** Medical: Revenue expected to reach a record high. EVIS X1 has already received 510(k) clearance from the U.S. Food and Drug Administration (FDA). Launch in the U.S. is scheduled for the middle of FY2024
- 2** Discontinued Operation: Expected to achieve a significant profit increase due to a gain on transfer

(Billions of yen)		FY2023	FY2024 Forecasts*	Change	vs FY2023	After FX adjustment
ESD	Revenue	551.8	<b>1</b> 572.0	+20.2	+4%	+5%
	Operating profit	152.8	158.0	+5.2	+3%	+6%
TSD	Revenue	318.2	<b>1</b> 329.0	+10.8	+3%	+5%
	Operating profit	63.7	56.0	-7.7	-12%	-8%
Others	Revenue	11.9	13.0	+1.1	+9%	+8%
	Operating profit(loss)	-0.9	1.0	+1.9	+¥1.9 billion	+¥1.9 billion
Elimination and Corporate	Operating profit(loss)	-28.9	-52.0	-23.1	-¥23.1 billion	-¥23.2 billion
<b>Consolidated Total</b>	Revenue	881.9	914.0	+32.1	+4%	+5%
	Operating profit	186.6	163.0	-23.6	-13%	-9%
(Reference) Discontinued Operation	Revenue	135.4	0	-135.4	-	-
	Operating profit(loss)	7.0	<b>2</b> 347.0	+340.0	-	-

\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of the fiscal year ending March 31, 2024.

(Slide 12)

- Moving on to forecasts by segment, we expect both ESD and TSD to continue to grow. As a result, the combined revenue of the two divisions in the medical field is expected to reach a record high.
- In ESD, we expect to continue to see sales expansion of EVIS X1 in Japan, Europe and APAC. Also note that in the U.S., we received 510(k) clearance from the FDA at the end of April and ran displays and demonstrations of EVIS X1 during Digestive Diseases Week (DDW), a gastroenterology conference held from May 7 to 9. We are aiming to launch the product in the U.S. in the middle of fiscal 2024, unchanged from February.
- In TSD, on the backdrop of procedural recovery, we project continued growth centered on the three focused areas - GI, Urology and Respiratory.
- For Elimination and Corporate, in addition to a gain on the sale of land in Tokyo worth approx. ¥16.4 billion recorded in fiscal 2023 no longer applying, we expect increased expenses to reinforce our operational infrastructure.
- Lastly, Discontinued Operation is expected to record a gain on transfer, resulting in a significant increase in profit.

**OLYMPUS**

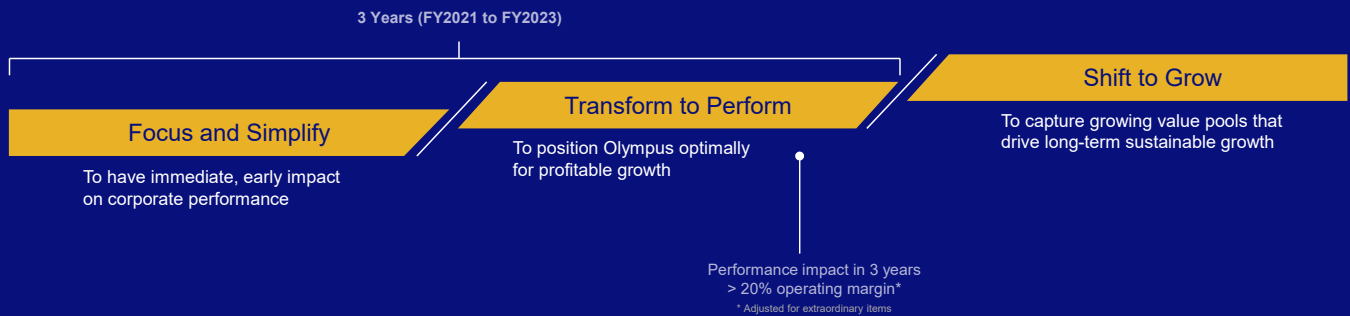
# Appendix

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## Review of Last Three Years

## We adopted an ambitious timeline out to 2023

We would unleash our potential by developing the organizational focus, operational structure and employee mindset needed for long-term, sustainable growth.



(Slide 15)

- Next, I would like to review the past three years.
- In January 2019, Olympus announced its corporate transformation plan "Transform Olympus," and in our corporate strategy announced in November 2019, we declared the target of achieving an adjusted operating margin of over 20%, on a par with the level expected of a global medical technology company, in fiscal 2023.
- Over the past three years, top management and all employees have come together to implement all manner of initiatives and drive reforms. As a result, the figure for adjusted operating margin, which stood at 9.2% in fiscal 2019\*, dramatically improved to 20.0% in fiscal 2023.
- Over this extremely short space of time, I believe we have greatly transformed and evolved every aspect of the company, including our business structure, organizational and operating models, employee awareness and corporate culture. However, to achieve sustainable growth, there still remain myriad issues that stand in the way of Olympus becoming a world-class medical technology company - one that is accepted by all stakeholders including patients. Going forward, we will continue with efforts to demonstrate the full potential of Olympus.

\* This includes adjusted operating profit of the Scientific Solutions Division and Imaging Division.



## We set and made progress against ambitious targets



Sustain **5-6%** growth annually



Deliver **> 20%** consolidated corporate operating margin\*



Become a **leader** in the therapeutic areas where we compete (GI, Urology and Respiratory)

\*Continuing business base. Adjusted for extraordinary items

\*\*Continuing business base. 3-year CAGR from FY2020 after FX adjustment

\*\*\*3-year CAGR from FY2020



Despite macroeconomic issues and Covid lockdowns, grew topline 4.6%\*\* CAGR



Doubled operating profit over 3-year transformation and exceeded consolidated operating margin 20%\*



With significant profitability improvements and ¥80billion share buyback, adjusted EPS growth\*\*\* exceeded 25%.



Maintained investments in R&D at similar levels to MedTech peers to ensure sustainable future growth



Transformed to a pure-play MedTech company

(Slide 16)

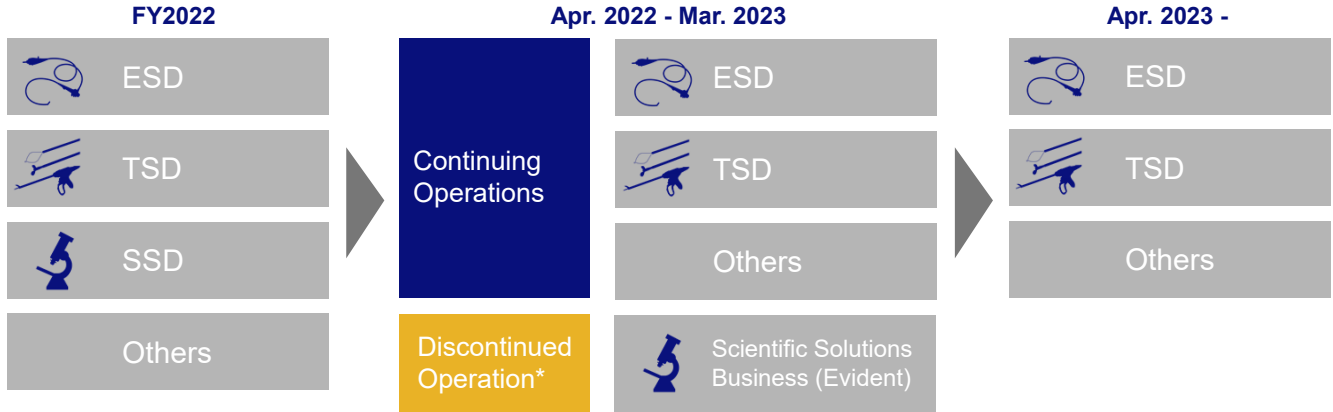
- Since our corporate strategy was announced in 2019, a host of unexpected situations have developed, from microeconomic issues to urban lockdowns due to the COVID-19 pandemic. Despite these trying times, the CAGR of consolidated revenue among continuing operations after FX adjustment was 4.6% over the past three years.
- We have also made tremendous gains in operating profit, doubling over the past three years, with an adjusted operating margin of 20% in fiscal 2023, the result of steadily implementing initiatives to reduce costs and improve capital efficiency in addition to revenue growth.
- The adjusted EPS growth rate exceeding 25% that was set out as a reference indicator was also achieved as a result of huge gains in profitability and the implementation of ¥80 billion in share buybacks.
- Meanwhile, we have made investments in R&D, which is vital to continue with sustained growth into the future, on a par with industry peers.
- The revisions to our business portfolio, positioned as one of the key items of our corporate strategy, were completed in full with the decision to transfer the Imagine Division and Scientific Solutions Division. Going forward, we will redouble our efforts to contribute to the field of medical practice, patients and all of society as a company specializing in medical equipment.

# Appendix

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# Changes in Reporting Structure

With divestiture of Scientific Solutions Business (Evident), it is disclosed as a discontinued operation from 2Q (based on IFRS)



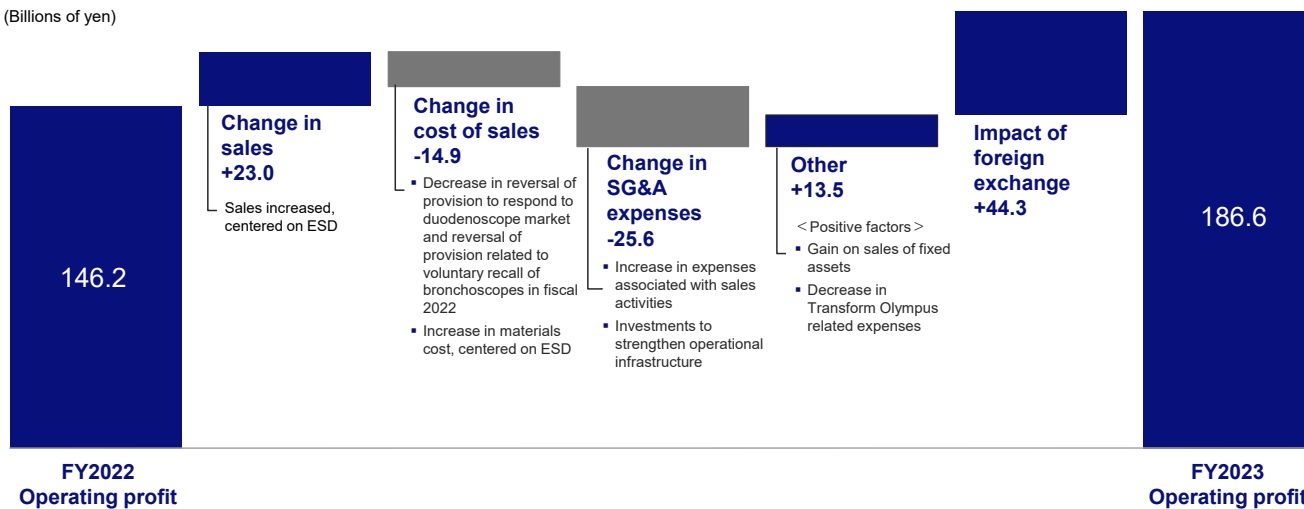
- Profit (loss) from Discontinued Operation is disclosed in Consolidated Financial Results
- Performance of Discontinued Operation is disclosed as supplementary information

\*In the six months ended September 30, 2022, Olympus Corporation concluded a share transfer agreement related to the transfer of our Group's Scientific Solutions Business with K.K. BCJ-66, a special purpose company indirectly owned by funds advised by Bain Capital Private Equity, LP (together with its affiliates, "Bain Capital"). Due to this, profit (loss) from the Scientific Solutions Business has been classified as profit (loss) from discontinued operation from the second quarter under review, and corresponding items for the fiscal year ended September 30, 2021, have been restated in a similar manner. Furthermore, the amounts presented for revenue, operating profit, profit before tax and profit from continuing operations are the amounts from continuing operations from which the discontinued operation has been excluded, while the amounts presented for profit and profit attributable to owners of parent are aggregates of continuing operations and discontinued operation. The transfer of all shares was completed in April 2023.

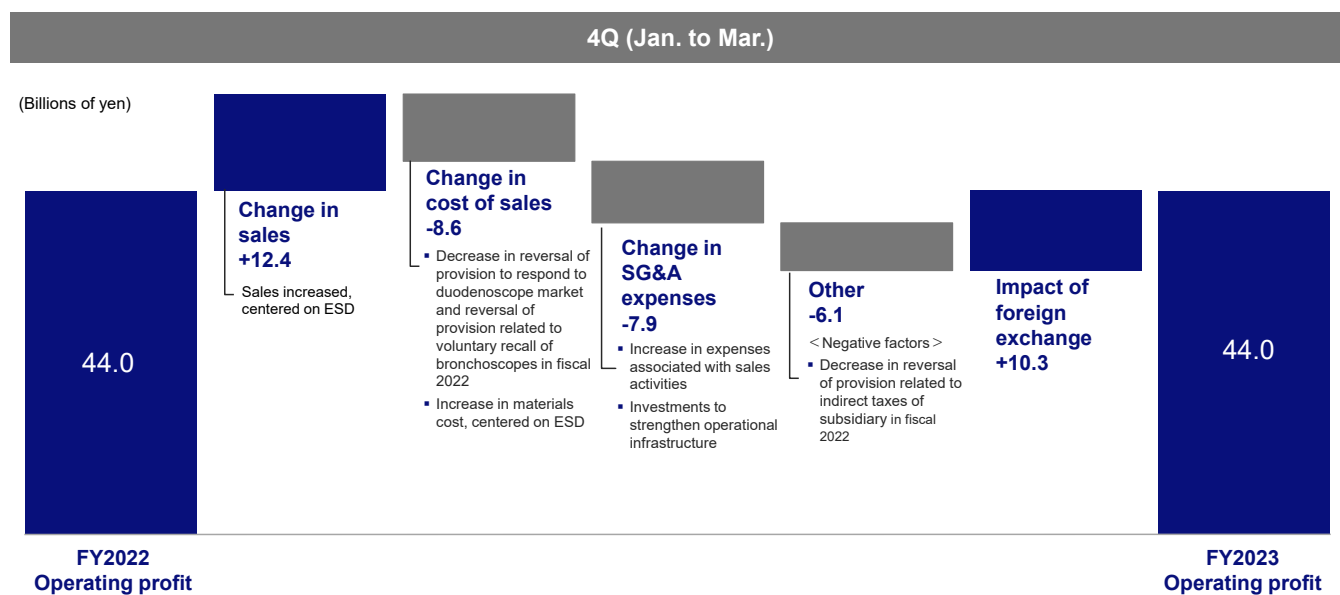
## Fiscal 2023 Factors that Affected Consolidated Operating Profit

Full-year (Apr. to Mar.)

(Billions of yen)



## 4Q of Fiscal 2023 Factors that Affected Consolidated Operating Profit



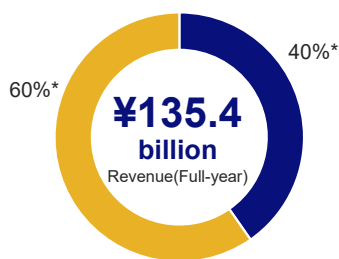
## Fiscal 2023 Results vs. February Forecasts

(Billions of yen)		FY2023 Forecasts as of February	FY2023 Full-year results	Change	vs February	After FX adjustment
Continuing operations*	Revenue	871.0	881.9	+10.9	+1%	+1%
	Gross profit	594.0	596.8	+2.8	0%	0%
	(% of revenue)	(68.2%)	(67.7%)			
	Selling, general and administrative expenses	411.0	420.5	+9.5	+2%	+2%
	(% of revenue)	(47.2%)	(47.7%)			
	Other income and expenses	15.0	10.3	-	-	-
	Operating profit	198.0	186.6	-11.4	-6%	-6%
	(% of revenue)	(22.7%)	(21.2%)			
	<b>Adjusted operating profit</b>	<b>184.0</b>	<b>176.8</b>	<b>-7.2</b>	<b>-4%</b>	<b>-4%</b>
(% of revenue)	<b>(21.1%)</b>	<b>(20.0%)</b>				
Profit before tax	197.0	182.3				
(% of revenue)	(22.6%)	(20.7%)				
Profit from continuing operations	149.0	138.0				
(% of revenue)	(17.1%)	(15.7%)				
Discontinued operation	Profit from discontinued operation	227.0	5.6			
	Profit (loss)	376.0	143.6			
	Profit (loss) attributable to owners of parent	376.0	143.4			
	(43.2%)	(16.3%)				
EPS	¥297	¥113				

\*The figures from "Revenue" to Profit from continuing operations" represents continuing operations.

\*\*Since all shares of discontinued operation (Evident) were transferred in April 2023, a gain on this share transfer is expected to be recorded in the first quarter of the fiscal year ending March 31, 2024.

## Fiscal 2023 Discontinued Operation (Scientific Solutions Business)



Growth Rate FY2023 4Q vs FY2022 4Q vs FY2022 (incl. FX)

■ Life science	14%	<ul style="list-style-type: none"> <li>Budget execution at research institutes, universities and hospitals remained steady. North America, where order backlog has been cleared as supply conditions improved, contributed to sales growth.</li> </ul>	4%
■ Industrial	31%	<ul style="list-style-type: none"> <li>Favorable capex conditions in client markets. Sales were driven by industrial microscopes in China, where supply conditions improved and shipments progressed, and non-destructive testing equipment in Europe, where orders for high-end system products were strong.</li> </ul>	20%
<b>Total</b>	<b>23%</b>		<b>12%</b>

(Billions of yen)	FY2022		FY2023	
	4Q	Full-year	4Q	Full-year
Revenue	36.2	118.7	44.4	135.4
Operating profit	1.0	7.7	5.6	7.0
Other income and expenses	-4.8	-9.4	-2.7	-11.0
Operating margin (After FX adjustment)	2.9%	6.5%	12.5% (9.2%)	5.2% (0.7%)
<b>Adjusted operating margin</b>	<b>16.2%</b>	<b>14.4%</b>	<b>18.6%</b>	<b>13.3%</b>

\*Approx.

vs FY2022(After FX adjustment)

Cash flow of discontinued operation	Full-year (Apr. - Mar.)		Change
	FY2022	FY2023	
CF from operating activities	10.3	-13.2	-23.4
CF from investing activities	-7.7	-11.7	-4.0
CF from financing activities	-0.8	-2.9	-2.1



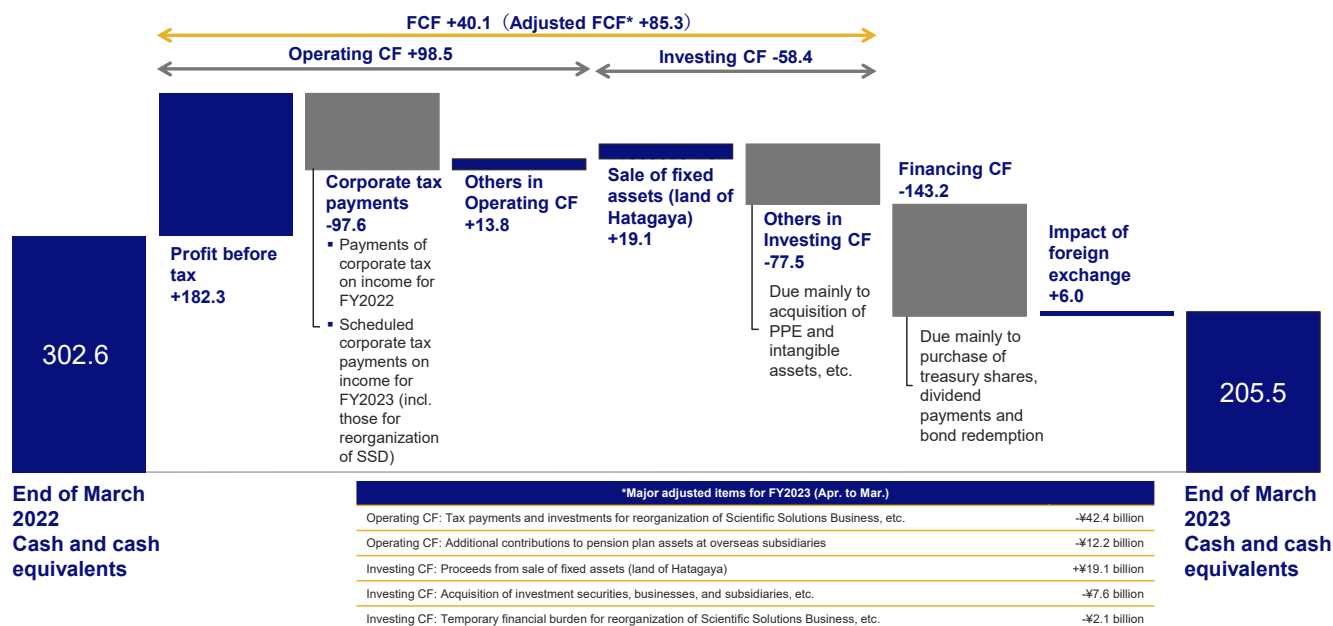
## Fiscal 2023 Results by Segment

(Billions of yen)		Full-year (Apr. to Mar.)				4Q (Jan. to Mar.)			
		FY2022	FY2023	YoY	After FX adjustment	FY2022	FY2023	YoY	After FX adjustment
ESD	Revenue	461.5	551.8	+20%	+6%	127.8	152.8	+20%	+10%
	Operating profit	133.2	152.8	+15%	-12%	41.6	42.1	+1%	-19%
TSD	Revenue	275.6	318.2	+16%	+3%	71.9	84.3	+17%	+7%
	Operating profit	60.8	63.7	+5%	-14%	17.0	15.6	-8%	-23%
Others	Revenue	13.0	11.9	-8%	-12%	3.2	3.3	+2%	-3%
	Operating profit(loss)	-2.0	-0.9	+¥1.1 billion	+¥1.2 billion	-0.5	0	+¥0.5 billion	+¥0.5 billion
Elimination and Corporate	Operating profit(loss)	-45.8	-28.9	+¥16.9 billion	+¥19.0 billion	-14.1	-13.6	+¥0.5 billion	+¥1.2 billion
	<b>Consolidated Total</b>								
	Revenue	750.1	881.9	+18%	+4%	202.9	240.4	+18%	+9%
	Operating profit	146.2	186.6	+28%	-3%	44.0	44.0	0%	-23%
Discontinued Operation	Revenue	118.7	135.4	+14%	+1%	36.2	44.4	+23%	+12%
	Operating profit(loss)	7.7	7.0	-9%	-90%	1.0	5.6	+439%	+263%

## Fiscal 2023 Growth Rate by Sub-segment

	1Q		2Q		3Q		4Q	
	YoY	After FX adjustment	YoY	After FX adjustment	YoY	After FX adjustment	YoY	After FX adjustment
Gastrointestinal endoscope	18%	5%	17%	1%	27%	10%	19%	9%
Surgical endoscope	11%	-1%	4%	-10%	7%	-7%	33%	22%
Medical service	17%	5%	25%	8%	27%	10%	15%	5%
<b>ESD Total</b>	17%	5%	17%	1%	24%	8%	20%	10%
GI EndoTherapy	14%	5%	15%	3%	12%	2%	17%	9%
Urology	18%	4%	24%	4%	22%	3%	22%	10%
Respiratory	7%	-5%	9%	-7%	14%	-2%	11%	2%
Other therapeutic areas	12%	2%	12%	-1%	8%	-5%	16%	7%
<b>TSD Total</b>	14%	2%	16%	1%	15%	0%	17%	7%
Life science	-	-	-4%	-17%	26%	11%	14%	4%
Industrial	-	-	19%	2%	32%	14%	31%	20%
Discontinued Operation Total	-	-	10%	-6%	29%	12%	23%	12%

## Factors that Affected Consolidated Cash Flows



# Key Product Catalysts: Endoscopic Solutions Division (As of May. 12, 2023)



## ESD Key priorities for FY2024

- Accelerate EVIS X1 sales growth in Europe, Japan and Asia Pacific
- Aim to launch EVIS X1 in the US in middle of FY2024 and prepare for launch in China
- Launch next generation EUS system in Europe and Japan successfully
- Maximize market potential in emerging countries and further expansion in China
- Introduce new generation surgical endoscopy system and improve profitability

### Growth driver now

#### GI endoscopy

- EVIS X1 (EU, Japan, AP)
- EVIS EXERA III (US, EU)
- EVIS LUCERA ELITE (China)

#### Surgical endoscopy

- VISERA ELITE II 2D/3D/IR (US, EU, Japan, China)
- VISERA 4K UHD (US, EU, Japan, China)

### Just launched / Coming soon

#### GI endoscopy

- EVIS X1 (US)
- EU-ME3 (EU, Japan, AP)

#### Surgical endoscopy

- VISERA ELITE III (EU, Japan, AP)

### Beyond

#### GI endoscopy

- EVIS X1 (China)
- Single-use duodenoscope
- ENDO-AID, endoscopy CAD platform for EVIS-X1 (Japan, US)

#### Surgical endoscopy

- VISERA ELITE III (US)

**4%**

**Growth rate<sup>1</sup> in FY2024**

1 YoY including FX

# Key Product Catalysts: Therapeutic Solutions Division (As of May. 12, 2023)



## TSD Key priorities for FY2024

### GI EndoTherapy

- Expand clinically differentiated product offerings in key areas of focus: ERCP , ESD , Luminal Patency and Hemostasis devices

### Urology

- Expand leadership in BPH through iTind market development while maintaining resection as a primary revenue and profit growth
- Drive lithotripsy growth through SOLTIVE SuperPulsed Laser System

### Respiratory

- Drive growth in lung cancer with stronger emphasis around updated EBUS-TBNA offerings with additional opportunity to promote market expansion of SPiN Navigation in EU and APAC
- Reinforce strength in respiratory endoscopy through continued focus on driving adoption of X1 bronchoscopy platform

# 3%

Growth rate<sup>1</sup>  
in FY2024

1 YoY including FX

## Growth driver now

### GI EndoTherapy

- Visiglide series
- ESD Knife
- EZ Clip / QuickClip Pro
- EndoJaw

### Urology

- Resection electrode
- SOLTIVE SuperPulsed Laser System for stone + soft tissue (US, EU)

### Respiratory

- Bronchoscope, EBUS scope
- ViziShot series
- Spiration Valve System
- EVIS X1 bronchoscope (Japan, EU, AP)

## Just launched / Coming soon

### GI EndoTherapy

- 3 products (US)
- 6 products (EU)
- 6 products (Japan)

### Urology

- ESG-410 (US, Japan, AP)
- Single-use ureteroscope (US, Japan)
- iTind (US, EU, AP)

### Respiratory

- Electromagnetic Navigation system (US)
- Single-use bronchoscope (US)
- New EBUS scope (US, China)
- EVIS X1 bronchoscope (US)
- Endoscopic Ultrasound Processor (EU, Japan, AP)

## Beyond

### GI EndoTherapy

- Single-use cholangioscope

### Urology

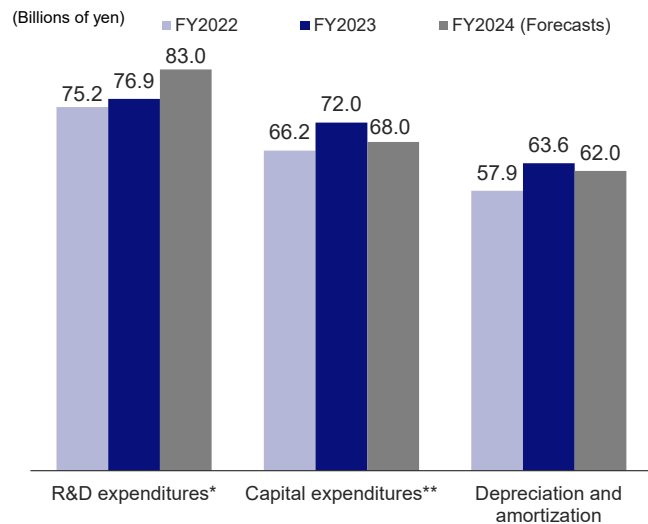
- Cystoscope
- Camera head (CH-S700-08-LB 4K L-shape Camera Head)

### Respiratory

- Electromagnetic Navigation system (EU)
- Slim EBUS scope
- EVIS X1 bronchoscope (China)

## Expenditures, etc.

### Full-year Results and Forecasts





(Billions of yen)	FY2022	FY2023
R&D expenditures** (a)	75.2	76.9
Capitalization of R&D expenditures (b)	11.6	12.6
R&D expenses in P/L (a-b)	63.6	64.3

(Billions of yen)	FY2022	FY2023
Amortization	6.7	8.4
	End of Dec. 2022	End of Mar. 2023
R&D assets	53.4	53.6

\*Capitalization of R&D expenditures (b) is included in R&D expenditures.  
 \*\*Capitalization of R&D expenditures (b) is included in capital expenditures.  
 In addition, the Olympus Group has adopted IFRS #16 "Leases" from FY2020, and right-of-use assets below are included in capital expenditures.  
 (FY2022: ¥14.7 billion, FY2023: ¥10.5 billion, FY2024 Forecast: ¥9.0 billion)

## Financial guidance and supporting financial indicators

		FY2023 TARGET	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 ACTUAL	FY2023 ACTUAL
 Financial guidance	Adj. OP margin*	>20%	13.5% ¥102.1 Billion	→ 14.1% ¥103.1 Billion	→ 20.1% ¥150.7 Billion	→ <b>20.0%</b> <b>¥176.8 Billion</b>
	Adj. FCF growth	>20% CAGR from FY2020/3	-% ¥71.1 Billion	→ +11.6%** ¥79.4 Billion	→ +35.9%** ¥131.3 Billion	→ <b>+6.2%**</b> <b>¥85.3 Billion</b>
 Supporting financial indicators	Adj. ROIC	>20%	10.7%	→ 10.3%	→ 17.1%	→ <b>18.4%</b>
	Adj. EPS growth*	>25% CAGR from FY2020/3	-% ¥45.49	→ +37.2%** ¥62.42	→ +46.6%** ¥97.73	→ <b>+35.8%**</b> <b>¥113.86</b>

Note: Adjusted for extraordinary items \*Continuing business base \*\*CAGR from FY2020



## Foreign Exchange and Sensitivity

As a general rule, we use average value for latest month as exchange rates for full-year forecasts

### Foreign exchange rate

(Yen)	FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 4Q	FY2023 1Q	FY2023 2Q	FY2023 3Q	FY2023 4Q	FY2024 Forecasts
Yen/U.S. dollar	109.49	110.11	113.71	116.20	129.57	138.37	141.59	132.34	132
Yen/Euro	131.96	129.84	130.07	130.39	138.12	139.34	144.30	142.10	144
Yen/CNY	16.96	17.02	17.78	18.29	19.58	20.19	19.87	19.34	19

### Forex sensitivity (annualized impact)

(Billions of yen)	Revenue	Operating profit
U.S. dollar (per yen)	2.5	0.7
Euro (per yen)	1.6	0.6
CNY (per yen)	5.8	3.5

\*Forex sensitivity (annualized impact) is calculated based on the FY2023Q4 results.